

# **Central Area Michigan Works! Consortium**

Greenville, Michigan

Financial Statements and Additional Information  
Year Ended June 30, 2008

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Unit Name Central Area Michigan Works! Consortium	County Montcalm
Fiscal Year End June 30, 2008	Opinion Date December 22, 2008	Date Audit Report Submitted to State 12/30/08	

We affirm that:


We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

- YES NO Check each applicable box below. (See instructions for further detail.)
- ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
  - ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
  - ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
  - ☒ ☐ The local unit has adopted a budget for all required funds.
  - ☒ ☐ A public hearing on the budget was held in accordance with State statute.
  - ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
  - ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
  - ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
  - ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
  - ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
  - ☒ ☐ The local unit is free of repeated comments from previous years.
  - ☒ ☐ The audit opinion is UNQUALIFIED.
  - ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
  - ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
  - ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input type="checkbox"/>	Comments and Recommendations are not necessary for current audit.	
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Wipfli LLP		Telephone Number 608.274.1980	
Street Address 2501 West Beltline Highway, Suite 401		City Madison	State WI
Authorizing CPA Signature 		Printed Name Denes L. Tobie, CPA	Zip 53713
		License Number 1101027328	

# Central Area Michigan Works! Consortium

Financial Statements and Additional Information  
Year Ended June 30, 2008

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## Independent Auditor's Report

Board of Directors  
Central Area Michigan Works! Consortium  
Greenville, Michigan

We have audited the accompanying financial statements of the governmental activities and the major fund of Central Area Michigan Works! Consortium as of and for the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of Central Area Michigan Works! Consortium's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Central Area Michigan Works! Consortium as of June 30, 2008, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2008, on our consideration of Central Area Michigan Works! Consortium's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 3 through 8 and the budgetary comparison information on page 23 are not a required part of the basic financial statements but are additional information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consist principally of inquiries of management regarding methods of measurement and presentation of the required additional information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Central Area Michigan Works! Consortium's basic financial statements. The accompanying schedule of expenditures of federal awards and other financial assistance, Schedule A-1 to A-3, which includes the requirements of U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

A handwritten signature in black ink that reads "Wipfli, LLP". The signature is written in a cursive, flowing style.

Wipfli LLP

December 22, 2008  
Madison, Wisconsin

# Central Area Michigan Works! Consortium

## Management's Discussion and Analysis

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### Financial Highlights

- The Central Area Michigan Works! Consortium's (CAMWC) net assets decreased \$19,973 as a result of this year's operations. Net assets at the beginning of the year were \$140,891 and ending net assets were \$120,918.
- Grant revenue decreased \$829,410 (7%) from the previous year. The biggest factor contributing to the decrease in grant revenue is the Trade Act program. This program generated revenue of \$4,367,696 last year as compared to \$3,093,119 this year, for a 29.2% decrease.
- In governmental funds, the total fund balance increased by \$1,189.

A synopsis of key financial activities for the June 30, 2008, fiscal year is as follows:

- **Trade Act:** As detailed above, the trade funding has decreased significantly this year.
- **No Worker Left Behind (NWLB):** August 1, 2007, the Governor launched the NWLB initiative. The NWLB initiative aligns all federal workforce dollars used for worker training into a unified workforce strategy with the purpose to enable workers to acquire the skills necessary to succeed in today's 21<sup>st</sup> century knowledge-based economy. The initiative was launched without clear rules, direction, or any additional funding. It was several months before there was a clear understanding of the program principles and how to implement those principles. We received funding for the No Worker Left Behind initiative out of the following funding sources: Wagner Peyser Employment Services (\$64,567); WIA Statewide Activities (\$140,994); WIA Dislocated Worker (\$195,269); Temporary Assistance for Needy Families (\$28,632); and Jobs, Education and Training GF/GP (\$32,169).
- **Budget:** There were several budget challenges during the year. The most significant challenge was the timing of funding allocations. Funding was not released at the start of program years or initiatives; therefore, the program was hampered by challenges to spend funding in a condensed period of time. Program budgets and contracts were constantly being modified to increase/decrease funding at a time when we were experiencing waiting lists for training due to lack of funding.

Michigan experienced contentious budget battles during the 07-08 legislative session. This presented CAMWC with some unique and first-time ever challenges:

- For the first time, WIA funding was allocated on a first quarter (July – September) and balance of allocation (October – June) cycle.
- A one-month budget was adopted for programs that began October 1 (JET and Food Assistance Employment Training). Programs operated on a week-to-week basis; never knowing when the budget would be settled and funding would be available.
- A final budget was adopted by Michigan at the end of November and Grant Action Notices were received between mid-December and mid-January for programs that ran on a program year of July through June or October through September.

# Central Area Michigan Works! Consortium

## Management's Discussion and Analysis

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### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to CAMWC's basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to the financial statements. In addition, other information supplementary to the basic financial statements is provided.

### Government-Wide Financial Statements

- The government-wide financial statements are the statement of net assets and the statement of activities. These statements present an aggregate view of CAMWC's finances in a manner similar to private and nonprofit sectors.
- The statement of net assets presents information on all of CAMWC's assets and liabilities, with the difference between the two being reported as net assets.
- The statement of activities presents information showing how CAMWC's net assets changed during the year.
- The government-wide financial statements are shown on pages 9 and 10 of this report.

### Fund Financial Statements

- CAMWC also produces fund financial statements. A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities. CAMWC, like other federal, state, and local governments, uses fund accounting to demonstrate compliance with finance-related legal requirements. Fund statements generally report operations in more detail than CAMWC's government-wide statements.
- There are two fund financial statements: governmental fund balance sheet and governmental fund revenue, expenditures, and changes in fund balance.
- CAMWC has only one fund, the governmental general fund. The general fund accounts for all federal, state, and local grant-funded programs.

# Central Area Michigan Works! Consortium

## Management's Discussion and Analysis

### Overview of the Financial Statements (Continued)

The major features of CAMWC's financial statements, including the portion of the activities reported and the type of information contained, is shown in the following table:

	<b>Government-Wide Statements</b>	<b>Fund Financial Statements Governmental</b>
Scope	Entire Government	The programmatic and operating activities of the CAMWC, such as employment and training.
Required Financial Statements	Statement of net assets and statement of activities	Balance sheet and statement of revenue, expenditures, and changes in fund balance.
Basis of Accounting and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting. Current financial resources focus.
Type of Asset and Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally includes assets expected to be used up and liabilities that come due during the year or soon thereafter. No capital assets or long-term liabilities included.
Type of Inflow and Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and the related liability is due and payable.

### Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to the full understanding of the data provided in CAMWC's government-wide and fund financial statements. The notes to the financial statements can be found on pages 15 through 19 of this report.



# Central Area Michigan Works! Consortium

## Management's Discussion and Analysis

### Government-Wide Financial Analysis

Net assets may serve over time as a useful indicator of a government's financial position. In the case of CAMWC, assets exceeded liabilities by \$120,918 and \$140,891 at June 30, 2008 and 2007, respectively. Table 1 below provides a summary of CAMWC's net assets for the years ended June 30, 2008 and 2007.

**Table 1**  
**Condensed Statement of Net Assets**

	<b>Governmental Activities 2008</b>	<b>Governmental Activities 2007</b>
Current and other assets	\$ 1,445,030	\$ 1,094,104
Capital assets	23,520	44,682
<b>Total assets</b>	<b>1,468,550</b>	<b>1,138,786</b>
Current liabilities	1,347,632	997,895
<b>Total liabilities</b>	<b>1,347,632</b>	<b>997,895</b>
Net assets:		
Invested in capital assets	23,520	44,682
Unrestricted	97,398	96,209
<b>Total net assets</b>	<b>\$ 120,918</b>	<b>\$ 140,891</b>

In governmental activities for the year ended June 30, 2008, current assets and other assets increased \$350,926 due primarily to grants receivable increasing \$344,315. Capital assets decreased \$21,162 due to depreciation expense. Total liabilities increased \$349,737 as a result of a \$292,508 increase in accounts payable, a \$21,163 increase in due to related party, a decrease of \$3,101 in unearned revenue, and an increase of \$39,167 in accrued expenditures.

In governmental activities for the year ended June 30, 2007, current assets increased \$311,777 due primarily to grants receivable increasing \$343,237. Capital assets increased \$28,234 due to the net effect of the purchase of \$47,040 of assets and depreciation expense of \$18,806. Total liabilities increased \$310,838 as a result of a \$322,560 increase in accounts payable, a \$15,223 decrease in due to related party, and an increase of \$3,501 in unearned revenue.

# Central Area Michigan Works! Consortium

## Management's Discussion and Analysis

### Government-Wide Financial Analysis (Continued)

#### Change in Net Assets

Table 2 summarizes the change in net assets for fiscal years 2008 and 2007.

**Table 2**  
**Change in Net Assets**

	2008	Percentage of Funding	2007	Percentage of Funding
Revenue:				
Federal grant revenue	\$ 10,683,702	97.40%	\$ 11,568,156	98.05%
State grant revenue	283,353	2.58%	228,309	1.94%
Other revenue	1,648	0.02%	1,283	0.01%
Total revenue	10,968,703	100.00%	11,797,748	100.00%
Expenses:				
Other services and charges	10,866,544	98.89%	11,755,057	99.89%
Supplies	122,132	1.11%	13,518	0.11%
Total expenditures	10,988,676	100.00%	11,768,575	100.00%
Changes in net assets	( 19,973)		29,173	
Net assets - beginning of year	140,891		111,718	
Net assets - end of year	\$ 120,918		\$ 140,891	

As shown, federal and state grant revenue provides virtually all of the funds for governmental activities, which are expended on administration, job training, and employment activities. Total revenue for 2008 was \$10,968,703 or 7% less than 2007. Total agency expenditures decreased by 7% from 2007 to 2008, as a result of the decrease in grant revenue. The supplies line item increased from \$13,518 in 2007 to \$122,132 in 2008 due to the purchase of computers, network cameras, and computer supplies for the Michigan Works! offices.

#### Governmental Funds

CAMWC completed the 2008 fiscal year with a total governmental fund balance of \$97,398, as compared to the 2007 year-end fund balance of \$96,209.

# Central Area Michigan Works! Consortium

## Management's Discussion and Analysis

### Government-Wide Financial Analysis (Continued)

#### General Fund Budgetary Highlights

Significant differences between original and final amended budget and actual financial results are summarized as follows:

- Federal grant revenue was under budget by \$1,340,298. Actual revenue for the following programs was less than planned: Trade Act (\$254,474), WIA Adult (\$100,944), WIA Dislocated Worker (\$447,000), and WIA Youth (\$254,065).
- Other services and charges were under budget by \$1,468,818. The shortfall in expenditures follows the shortfall in funding previously described.

#### Capital Assets

At the end of the 2008 fiscal year, CAMWC had invested a cumulative of \$189,009 in capital assets, consisting entirely of equipment (see Table 3). This amount represents a decrease of \$2,244 due to the disposal of equipment. Additional information about capital assets can be found in Note 4, page 19. CAMWC recognized depreciation expense of \$21,162 for governmental activities. Total accumulated depreciation on these assets was \$165,489.

**Table 3**  
**Capital Assets**

	2008	2007	% Change
Equipment	\$ 189,009	\$ 191,253	-1.17%
Accumulated depreciation	( 165,489)	( 146,571)	12.91%
Totals	\$ 23,520	\$ 44,682	

#### Factors Bearing on Central Area Michigan Works! Consortium's Future

Funding and a high jobless rate are the major factors bearing on CAMWC's future. The condition of the economy, both at the State and Federal levels, will continue to have an effect on CAMWC's operations. The economy obviously has an impact on unemployment rates as well as Federal and State funding levels. This year CAMWC's grant revenue decreased 7 percent from the previous year. At the current time, final funding levels for next year are not known. As mentioned in the Financial Highlights section, final funding amounts may not be known until late in the year.

#### Contacting the Central Area Michigan Works! Consortium's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of CAMWC's finances and to demonstrate CAMWC's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Vice President of Finance, Central Area Michigan Works! Consortium, 904 Oak Drive - Turk Lake, Greenville, Michigan 48838.

# Central Area Michigan Works! Consortium

## Statement of Net Assets

June 30, 2008

### Assets:

Cash	\$ 90,592
Grants receivable	1,354,438
Capital assets, net of accumulated depreciation	23,520

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<b>TOTAL ASSETS</b>	<b>\$ 1,468,550</b>
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### Liabilities:

Accounts payable	\$ 1,204,162
Due to related party	103,903
Unearned revenue	400
Accrued expenditures	39,167

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Total liabilities	1,347,632
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### Net assets:

Invested in capital assets	23,520
Unrestricted	97,398

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Total net assets	120,918
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<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,468,550</b>
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# Central Area Michigan Works! Consortium

## Statement of Activities

Year Ended June 30, 2008

Functions/Programs	Expenses	Program Revenues		Net (Expenses)
		Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
				Primary Governmental Activities
Governmental activities:				
Job training	\$10,988,676	\$10,967,514	\$ 0	(\$ 21,162)
<b>Total governmental activities</b>	<b>10,988,676</b>	<b>10,967,514</b>	<b>0</b>	<b>( 21,162)</b>
General revenue - interest earnings				1,189
Change in net assets				( 19,973)
Net assets - June 30, 2007				140,891
Net assets - June 30, 2008				\$ 120,918

# Central Area Michigan Works! Consortium

## Balance Sheet - Governmental Fund

June 30, 2008

### Assets:

Cash	\$ 90,592
Grants receivable	1,354,438

<b>TOTAL ASSETS</b>	<b>\$ 1,445,030</b>
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### Liabilities:

Accounts payable	\$ 1,204,162
Due to related party	103,903
Unearned revenue	400
Accrued expenditures	39,167

Total liabilities	1,347,632
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Fund balances - unrestricted	97,398
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<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 1,445,030</b>
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# Central Area Michigan Works! Consortium

## Reconciliation of Balance Sheet - Governmental Funds to the Statement of Net Assets

June 30, 2008

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Total fund balance - governmental funds	\$ 97,398
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Total net assets reported to governmental activities in the statement of net assets are different from the amount reported above as to governmental funds balance because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund statements. Amounts reported for governmental activities in the statement of net assets are:

Governmental capital assets	189,009	
Governmental accumulated depreciation	( 165,489)	
		<u>23,520</u>

Total net assets - governmental activities	<u>\$ 120,918</u>
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# Central Area Michigan Works! Consortium

## Statement of Revenue, Expenditures, and Changes in Fund Balance - All Governmental Fund Types Year Ended June 30, 2008

Revenue:	
Federal grants	\$ 10,683,702
State grants	283,353
Other revenue	1,648
<b>Total revenue</b>	<b>10,968,703</b>
Expenditures:	
Supplies	122,132
Other services and charges	10,845,382
<b>Total expenditures</b>	<b>10,967,514</b>
Excess of revenue over expenditures	1,189
Fund balance - June 30, 2007	96,209
<b>Fund balance - June 30, 2008</b>	<b>\$ 97,398</b>



# Central Area Michigan Works! Consortium

## Reconciliation of Statement of Revenue, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities Year Ended June 30, 2008

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Net change in fund balances - total governmental funds	<u>\$ 1,189</u>
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Amounts reported for governmental activities in the  
statement of activities are different because:

The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.

Depreciation expense reported in the statement of activities	<u>( 21,162)</u>
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Amount by which capital outlays are less than depreciation in the current period	<u>( 21,162)</u>
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Change in net assets - governmental activities	<u><u>(\$ 19,973)</u></u>
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# Central Area Michigan Works! Consortium

## Notes to Financial Statements

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### **Note 1      Summary of Significant Accounting Policies**

#### **Reporting Entity**

Central Area Michigan Works! Consortium (CAMWC) is a consortium of governments organized in 1983 to administer job training programs and other funding for Central Area Michigan Works! service delivery area. CAMWC includes the Michigan counties of Gratiot, Ionia, Isabella, and Montcalm and receives 100% of its revenue from grants provided by the Michigan Department of Labor and Economic Development.

The financial statements of CAMWC have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Government-wide financial statements are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989, (when applicable) that do not conflict with or contradict GASB pronouncements. The significant accounting principles and policies utilized by CAMWC are described below.

#### **Basis of Presentation**

##### **Government-Wide Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and statement of activities) present financial information about CAMWC's nonfiduciary activities as a whole. Governmental activities generally are financed through intergovernmental revenue and other nonexchange transactions.

The statement of activities presents the degree to which the direct expenses of a given function are offset by program revenue. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenue consists of grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all interest income, is presented as general revenue.

CAMWC applies restricted resources first when an expense is incurred for a purpose for which both restricted and unrestricted net assets are available. Depreciation expense which can be specifically identified by function is included in the direct expenses of the function.

##### **Fund Financial Statements**

The accounts of CAMWC are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained, consistent with legal and managerial requirements.

# Central Area Michigan Works! Consortium

## Notes to Financial Statements

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### **Note 1      Summary of Significant Accounting Policies (Continued)**

#### **Fund Financial Statements (Continued)**

CAMWC reports the following major governmental fund:

##### **General Fund**

This is CAMWC's primary operating fund. It accounts for all financial activity, including activities associated with providing job training and other social service programs.

#### **Measurement Focus and Basis of Accounting**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which CAMWC gives or receives value without directly receiving or giving equal value in exchange, include grants, entitlements, and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Interest earnings on temporary investments are recognized in the fiscal period earned.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. CAMWC considers all revenue reported in the governmental funds to be available if the revenue is collected within 60 days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for certain compensated absences which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Unearned revenue is reported on the balance sheet when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenue also arises when resources are received by CAMWC before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods when both revenue recognition criteria are met, or when government has a legal claim to the resources, the liability on the balance sheet is removed and revenue is recognized.

#### **Capital Assets**

Capital assets are reported at actual cost. Donated assets are reported at estimated fair market value at the time received. Capital assets are recorded in the government-wide financial statements but are not reported in the fund financial statements.

# Central Area Michigan Works! Consortium

## Notes to Financial Statements

### Note 1 Summary of Significant Accounting Policies (Continued)

#### Capital Assets (Continued)

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide financial statements are as follows:

	<b>Capitalization Threshold</b>	<b>Depreciation Method</b>	<b>Estimated Useful Life</b>
Equipment	\$5,000	Straight line	3

#### Federal and State Grant Revenue

Grants are recorded as invoiced to the funding source. Revenue is recognized in the accounting period when the related expenses are incurred. Amounts received or receivables in excess of expenses are reflected as unearned revenue.

#### Cost Allocation

Joint costs are allocated to benefiting programs using various allocation methods, depending on the type of joint cost being allocated. Whenever possible, costs are allocated directly to each program. Joint costs are those costs incurred for the common benefit of all CAMWC programs that cannot be readily identified with a final cost objective.

#### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### Income Taxes

CAMWC is a consortium of governments organized under Michigan Public Act 7 of 1967 and is exempt from federal and Michigan income taxes.

#### Budgetary Accounting

An annual budget is adopted on a basis consistent with accounting principles generally accepted in the United States for the general fund. The budget document presents information by fund, activity, and line items. CAMWC's Board approves the original budget at the beginning of the fiscal year. Amendments, if any, are approved periodically during the year.

# Central Area Michigan Works! Consortium

## Notes to Financial Statements

### Note 2 Cash

CAMWC maintains a cash balance at a local bank in an interest-bearing checking account. CAMWC does not have a formal policy that limits its exposure to fair value losses arising from increasing interest rates. As of June 30, 2008, the bank balance was \$147,271 and the carrying amount was \$90,592. The account at this institution is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. Balances in excess of \$100,000 are not collaterally secured by the bank. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, CAMWC will not be able to recover deposits that are in the possession of an outside party. As of June 30, 2008, CAMWC has a custodial credit risk on its deposits of \$47,271. At various times during the year, CAMWC's deposits may have been higher or lower than the balance as of June 30, 2008. This means that CAMWC's custodial credit risk could have been higher or lower at those times.

### Note 3 Grants Receivable

Grants receivable at June 30, 2008, consist of the following:

<b>Grant</b>	<b>Amount</b>
WIA Local Administration	\$ 20,585
WIA Adult	344,334
WIA Youth	142,189
WIA Dislocated Worker	218,981
WIA Dislocated Worker NWLB	184,286
WIA 21 <sup>st</sup> Century Workforce	12,241
Trade Act	41,786
WIA Incumbent Worker	64,265
WIA Statewide Activities – One Stop Operation	36,879
WIA Statewide Activities – JET	6,582
WIA Statewide Activities – NWLB	18,103
Work Incentive Grant	14,966
Jobs, Education and Training – TANF	118,286
Jobs, Education and Training – TANF NWLB	5,915
GF/GP State	25,434
JET - TANF Supportive Services	20,319
Wagner Peyser Employment Services	4,644
Wagner Peyser Employment Services NWLB	64,567
Food Stamp Employment and Training	10,061
Food Stamp Supportive Services	15
<b>Total</b>	<b>\$ 1,354,438</b>

# Central Area Michigan Works! Consortium

## Notes to Financial Statements

### Note 4 Capital Assets

Capital asset balances and activity for the year ended June 30, 2008, were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets being depreciated:				
Equipment	\$ 191,253	\$ 0	(\$ 2,244)	\$ 189,009
Total capital assets being depreciated	191,253	0	( 2,244)	189,009
Less accumulated depreciation for:				
Equipment	( 146,571)	( 21,162)	2,244	( 165,489)
Total accumulated depreciation	( 146,571)	( 21,162)	2,244	( 165,489)
Governmental activities capital assets, net of accumulated depreciation	\$ 44,682	\$ 21,162	\$ 0	\$ 23,520

Depreciation expense of \$21,162 has been allocated to the job training function.

### Note 5 Operating Leases

CAMWC leases space from an unrelated third party for operation of their programs. Rent expense for the year ended June 30, 2008, was \$201,136. Future minimum lease payments on noncancelable leases having terms beyond June 30, 2008, are as follows:

2009	\$ 188,983
2010	87,375
2011	82,500
2012	84,000
2013	84,000
Thereafter	196,000
Total	\$ 722,858

### Note 6 Transactions With Related Parties

CAMWC has contracted with EightCAP, Inc. to serve as the administrative entity for which EightCAP, Inc. receives reimbursements for administrative expenses. CAMWC and EightCAP, Inc. are operated by the same upper level management team. Expenses for administration, information technology services, and one-stop center costs related to EightCAP, Inc. for the year ended June 30, 2008, were \$1,164,974. As of June 30, 2008, there was an amount due to EightCAP, Inc. of \$103,903.

## Additional Information

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# Central Area Michigan Works! Consortium

## Schedule A-1

### Schedule of Expenditures of Federal Awards and Other Financial Assistance

Year Ended June 30, 2008

CFDA Number	Grant Number	Program Name	Grantor Agency	Program Period	Program or Award Amount	Expenditures
<b>ASSISTANCE PROGRAMS AS IDENTIFIED IN THE CATALOG OF FEDERAL DOMESTIC ASSISTANCE</b>						
<b>Department of Agriculture</b>						
10.561	N/A	Food Stamp Employment and Training	MI Dept. of Labor & Economic Growth	10/01/06-09/30/07	\$ 71,293	\$ 11,406
10.561	N/A	Food Stamp Employment and Training Supportive Services	MI Dept. of Labor & Economic Growth	10/01/06-09/30/07	2,141	90
10.561	N/A	Food Stamp Employment and Training	MI Dept. of Labor & Economic Growth	10/01/07-09/30/08	79,649	18,621
10.561	N/A	Food Stamp Employment and Training Supportive Services	MI Dept. of Labor & Economic Growth	10/01/07-09/30/08	2,466	15
<b>Subtotal 10.561 (includes subcontracted expenditures of \$23,210)</b>						<b>30,132</b>
<b>Department of Labor</b>						
17.207	N/A	Wagner Peyser Employment Service	MI Dept. of Labor & Economic Growth	07/01/07-06/30/08	434,557	379,710
17.207	N/A	Wagner Peyser Employment Service - NWLB	MI Dept. of Labor & Economic Growth	07/01/07-06/30/08	64,567	64,567
<b>Subtotal 17.207 (includes subcontracted expenditures of \$366,132)</b>						<b>444,277</b>
17.225	N/A	Unemployment Insurance (Reed Act Distribution - Work First)	MI Dept. of Labor & Economic Growth	10/01/06-09/30/07	21,759	15,831
<b>Subtotal 17.225 (includes subcontracted expenditures of \$14,462)</b>						<b>15,831</b>
17.245	N/A	Trade Act	MI Dept. of Labor & Economic Growth	10/01/06-09/30/07	5,192,683	1,809,610
17.245	N/A	Trade Act - Job Search/Relocation	MI Dept. of Labor & Economic Growth	10/01/06-09/30/07	12,757	983
17.245	N/A	Trade Act	MI Dept. of Labor & Economic Growth	10/01/07-09/30/08	N/A	1,282,526
<b>Subtotal 17.245 (includes subcontracted expenditures of \$3,000,153)</b>						<b>3,093,119</b>
17.258	N/A	WIA Adult	MI Dept. of Labor & Economic Growth	07/01/07-06/30/08	1,849,300	1,627,580
17.258	N/A	WIA Local Administration	MI Dept. of Labor & Economic Growth	07/01/07-06/30/08	105,751	72,603
17.258	N/A	WIA Statewide Activities Capacity Building	MI Dept. of Labor & Economic Growth	07/01/07-06/30/08	4,872	4,872
17.258	N/A	WIA Statewide Activities Youth	MI Dept. of Labor & Economic Growth	07/01/07-06/30/08	3,522	0
17.258	N/A	WIA Statewide Activities JET	MI Dept. of Labor & Economic Growth	07/01/07-06/30/08	23,156	13,981
17.258	N/A	WIA Statewide Activities NWLB	MI Dept. of Labor & Economic Growth	07/01/07-06/30/08	32,767	30,993
17.258	N/A	WIA Statewide Activities One Stop Operation	MI Dept. of Labor & Economic Growth	07/01/07-06/30/08	19,505	18,475
<b>Subtotal 17.258 (includes subcontracted expenditures of \$1,514,565)</b>						<b>1,768,504</b>



# Central Area Michigan Works! Consortium

## Schedule A-2

### Schedule of Expenditures of Federal Awards and Other Financial Assistance

Year Ended June 30, 2008

CFDA Number	Grant Number	Program Name	Grantor Agency	Program Period	Program or Award Amount	Expenditures
<b>ASSISTANCE PROGRAMS AS IDENTIFIED IN THE CATALOG OF FEDERAL DOMESTIC ASSISTANCE (Continued)</b>						
<b>Department of Labor (Continued)</b>						
17.259	N/A	WIA Youth	MI Dept. of Labor & Economic Growth	07/01/07-06/30/08	1,492,810	1,257,980
17.259	N/A	WIA Local Administration	MI Dept. of Labor & Economic Growth	07/01/07-06/30/08	191,027	102,185
17.259	N/A	WIA Statewide Activities Capacity Building	MI Dept. of Labor & Economic Growth	07/01/07-06/30/08	6,463	6,463
17.259	N/A	WIA Statewide Activities Youth	MI Dept. of Labor & Economic Growth	07/01/07-06/30/08	4,673	0
17.259	N/A	WIA Statewide Activities JET	MI Dept. of Labor & Economic Growth	07/01/07-06/30/08	29,830	17,660
17.259	N/A	WIA Statewide Activities NWL	MI Dept. of Labor & Economic Growth	07/01/07-06/30/08	38,709	36,355
17.259	N/A	WIA Statewide Activities One Stop Operation	MI Dept. of Labor & Economic Growth	07/01/07-06/30/08	25,876	24,509
<b>Subtotal 17.259 (includes subcontracted expenditures of \$1,187,527)</b>						<b>1,445,152</b>
17.260	N/A	WIA Dislocated Worker	MI Dept. of Labor & Economic Growth	07/01/07-06/30/08	2,253,817	1,908,358
17.260	N/A	WIA Dislocated Worker - NWLB	MI Dept. of Labor & Economic Growth	07/01/07-06/30/08	195,269	184,286
17.260	N/A	WIA Local Administration	MI Dept. of Labor & Economic Growth	07/01/07-06/30/08	322,543	116,363
17.260	N/A	WIA 21st Century Workforce	MI Dept. of Labor & Economic Growth	07/01/07-06/30/08	46,531	15,351
17.260	N/A	WIA Incumbent Worker	MI Dept. of Labor & Economic Growth	07/01/07-06/30/08	116,875	101,055
17.260	N/A	WIA Statewide Activities Capacity Building	MI Dept. of Labor & Economic Growth	07/01/07-06/30/08	12,665	12,665
17.260	N/A	WIA Statewide Activities Youth	MI Dept. of Labor & Economic Growth	07/01/07-06/30/08	9,157	0
17.260	N/A	WIA Statewide Activities JET	MI Dept. of Labor & Economic Growth	07/01/07-06/30/08	57,272	33,423
17.260	N/A	WIA Statewide Activities NWL	MI Dept. of Labor & Economic Growth	07/01/07-06/30/08	69,518	64,905
17.260	N/A	WIA Statewide Activities One Stop Operation	MI Dept. of Labor & Economic Growth	07/01/07-06/30/08	50,704	48,027
<b>Subtotal 17.260 (includes subcontracted expenditures of \$1,928,598)</b>						<b>2,484,433</b>
<b>Subtotal 17.258, 17.259, and 17.260 Cluster</b>						<b>5,698,089</b>
17.266	N/A	Work Incentive Grant	MI Dept. of Labor & Economic Growth	07/01/07-06/30/08	24,011	24,011
<b>Subtotal 17.266</b>						<b>24,011</b>

# Central Area Michigan Works! Consortium

## Schedule A-3

### Schedule of Expenditures of Federal Awards and Other Financial Assistance

Year Ended June 30, 2008

CFDA Number	Grant Number	Program Name	Grantor Agency	Program Period	Program or Award Amount	Expenditures
<b>ASSISTANCE PROGRAMS AS IDENTIFIED IN THE CATALOG OF FEDERAL DOMESTIC ASSISTANCE (Continued)</b>						
<b>Department of Health and Human Services</b>						
93.558	N/A	Temporary Assistance for Needy Families	MI Dept. of Labor & Economic Growth	10/01/06-09/30/07	1,346,681	390,466
93.558	N/A	Temporary Assistance for Needy Families	MI Dept. of Labor & Economic Growth	10/01/07-09/30/08	1,404,640	894,699
93.558	N/A	Temporary Assistance for Needy Families - NWLB	MI Dept. of Labor & Economic Growth	10/01/07-09/30/08	28,632	5,915
93.558	N/A	Temporary Assistance for Needy Families - Supportive Services	MI Dept. of Labor & Economic Growth	10/01/06-08/31/07	114,000	18,974
93.558	N/A	Temporary Assistance for Needy Families - Supportive Services	MI Dept. of Labor & Economic Growth	10/01/07-08/31/08	114,000	68,189
<b>Subtotal 93.558 (includes subcontracted expenditures of \$1,213,968)</b>						<b>1,378,243</b>
<b>Total Federal Programs</b>						<b>10,683,702</b>
<b>STATE PROGRAMS</b>						
	N/A	Work First (GF/GP)	MI Dept. of Labor & Economic Growth	10/01/06-09/30/07	297,639	97,828
	N/A	Jobs, Education and Training GF/GP	MI Dept. of Labor & Economic Growth	10/01/07-09/30/08	336,713	185,525
	N/A	Jobs, Education and Training GF/GP NWLB	MI Dept. of Labor & Economic Growth	10/01/07-09/30/08	32,169	0
	N/A	Jobs, Education and Training GF/GP Expansion	MI Dept. of Labor & Economic Growth	10/01/07-09/30/08	136,799	0
<b>Total State Programs (includes subcontracted expenditures of \$249,063)</b>						<b>283,353</b>
<b>OTHER EXPENSE</b>						
	N/A	Other				<b>459</b>
<b>TOTAL</b>						<b>\$ 10,967,514</b>

#### Note to Schedule of Expenditures of Federal Awards and Other Financial Assistance

This schedule includes the federal, state, and other grant activity of Central Area Michigan Works! Consortium and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The programs listed in this schedule do not have program numbers. Each program is identified by their program name.

# Central Area Michigan Works! Consortium

## Schedule B

### Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2008

	Budgeted Amounts		Actual	Amount Over (Under)
	Original	Final		Final Budget
Revenue:				
Federal grants	\$ 12,924,100	\$ 12,024,000	\$ 10,683,702	(\$ 1,340,298)
State grants	298,000	416,200	283,353	( 132,847)
Other revenue	1,350	1,350	1,648	298
Total revenue	13,223,450	12,441,550	10,968,703	( 1,472,847)
Expenditures:				
Supplies	12,000	126,400	122,132	( 4,268)
Other services and charges	13,210,300	12,314,200	10,845,382	( 1,468,818)
Capital outlay	0	0	0	0
Total expenditures	13,222,300	12,440,600	10,967,514	( 1,473,086)
Excess of revenue over expenditures	1,150	950	1,189	239
Fund balance - June 30, 2007	96,420	96,209	96,209	0
Fund balance - June 30, 2008	\$ 97,570	\$ 97,159	\$ 97,398	\$ 239



**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

Board of Directors  
Central Area Michigan Works! Consortium  
Greenville, Michigan

We have audited the financial statements of the governmental activities and the major fund of Central Area Michigan Works! Consortium as of and for the year ended June 30, 2008, and have issued our report thereon dated December 22, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Central Area Michigan Works! Consortium's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Central Area Michigan Works! Consortium's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Central Area Michigan Works! Consortium's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects Central Area Michigan Works! Consortium's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States such that there is more than a remote likelihood that a misstatement of Central Area Michigan Works! Consortium's financial statements that are more than inconsequential will not be prevented or detected by Central Area Michigan Works! Consortium's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Central Area Michigan Works! Consortium's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Central Area Michigan Works! Consortium's financial statements are free of material misstatement; we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance and other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Directors, others within Central Area Michigan Works! Consortium, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Wipfli, LLP". The signature is written in a cursive, flowing style.

Wipfli LLP

December 22, 2008  
Madison, Wisconsin

## **Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133**

Board of Directors  
Central Area Michigan Works! Consortium  
Greenville, Michigan

### **Compliance**

We have audited the compliance of Central Area Michigan Works! Consortium with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. Central Area Michigan Works! Consortium's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Central Area Michigan Works! Consortium's management. Our responsibility is to express an opinion on Central Area Michigan Works! Consortium's compliance based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Central Area Michigan Works! Consortium's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Central Area Michigan Works! Consortium's compliance with those requirements.

In our opinion, Central Area Michigan Works! Consortium complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

### **Internal Control Over Compliance**

The management of Central Area Michigan Works! Consortium is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Central Area Michigan Works! Consortium's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Central Area Michigan Area Works! internal control over compliance.

A control deficiency in an organization's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of federal programs on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the ability to administer federal programs such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the organization's internal control. There were no significant deficiencies identified.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of federal programs will not be prevented or detected by the organization's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Directors, others within Central Area Michigan Works! Consortium, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

  
Wipfli LLP

December 22, 2008  
Madison, Wisconsin

# Central Area Michigan Works! Consortium

## Schedule of Findings and Questioned Costs

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### **A. Summary of Auditor's Results**

1. The auditor's report expresses an unqualified opinion on the financial statements of CAMWC.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of CAMWC were disclosed during the audit.
4. No significant deficiencies were disclosed during the audit of the major federal award programs as reported in the Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for CAMWC expresses an unqualified opinion.
6. There were no audit findings relative to the major federal award programs for CAMWC.
7. The programs tested as major programs were the Department of Labor Workforce Investment Act Grant, Cluster CFDA #17.258, #17.259, and #17.260, and the Department of Health and Human Services CFDA #93.558.
8. The threshold for distinguishing Type A and B programs was \$320,511.
9. CAMWC was determined to be a low-risk auditee.

### **B. Findings – Financial Statements Audit**

None

### **C. Findings and Questioned Costs – Major Federal Award Programs Audit**

**Findings:** None

**Questioned Costs:** None